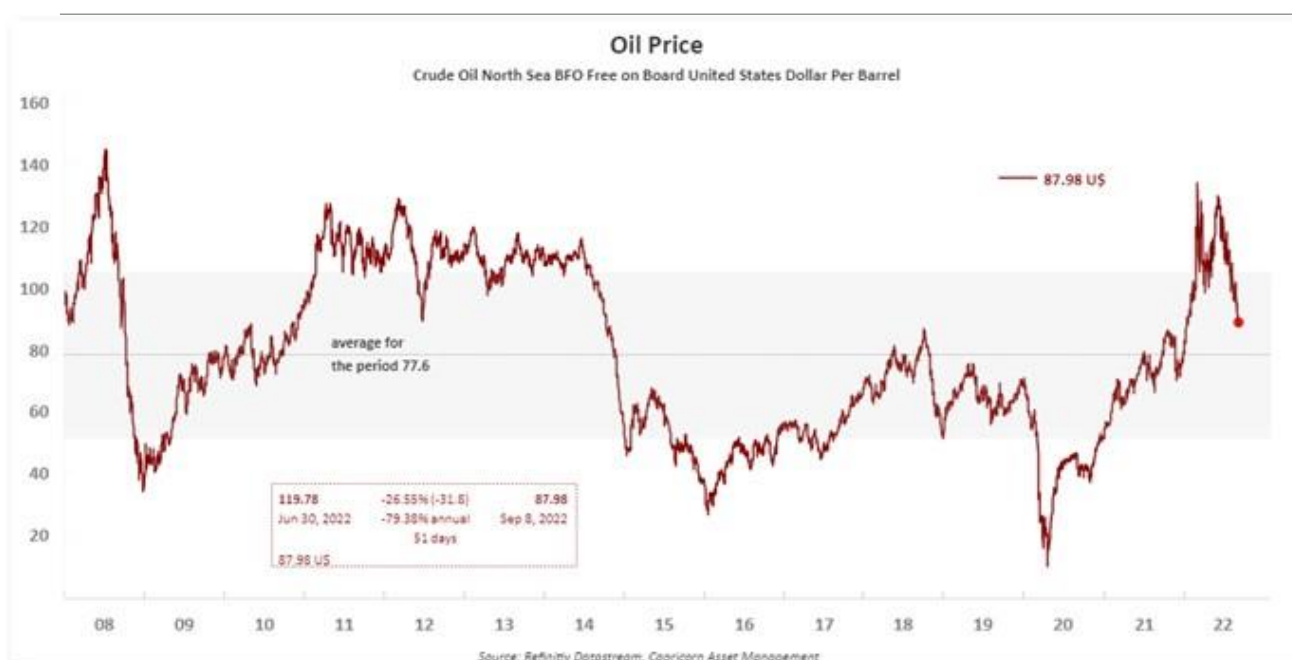




## Market Update

Friday, 09 September 2022



## Global Markets

Asian shares crept higher as the dollar eased, with markets turning calmer after a record interest rate hike from the European Central Bank and hawkish comments from the U.S. Federal Reserve Chair reinforced bets of aggressive tightening ahead.

MSCI's broadest index of Asia-Pacific shares outside Japan eked out a gain of 0.3% early on Friday. But it was headed for a weekly drop of 1.2%, battered by a slew of outsized rate hikes from global central banks this week - and the expectations of more to come.

Japan's Nikkei rose 0.3%, Chinese blue chips were up 0.2%, while Hong Kong's Hang Seng Index advanced 0.4%.

Overnight, Wall Street's main indexes posted modest gains after heavy selling earlier in the week. S&P 500 futures rose 0.3% and Nasdaq futures were up 0.5%, in a sign of improved risk appetite as markets stabilised.

Fed chair Jerome Powell on Thursday said the bank is "strongly committed" to controlling inflation but there remains hope it can be done without the "very high social costs" involved in prior inflation fights.

"With Powell offering little in the way of push-back against market pricing, we think that the FOMC will affirm market expectations. In addition, we now expect a 50 bp (basis point) hike in November, though it is a close call," said analysts at Barclays.

U.S. rate futures have priced in an 86% chance the Fed will hike by another 75 basis points at this month's meeting, which would increase the Fed funds rate from 3.0% to 3.25%. That was up from a 77% probability a day earlier.

U.S. Treasury yields climbed slightly on Friday, with the yield on benchmark two-year notes edging 4 basis points higher to 3.5264%. The yield on 10-year bonds stood at 3.3284%, compared with its previous close of 3.2920%.

Across the Atlantic, the European Central Bank raised interest rates by a record 75 basis points and also signalled further hikes to fight inflation, even as the bloc's economy is heading for a likely winter recession.

That sent euro zone government bond yields soaring and supported the euro. Germany's two-year bond yield climbed more than 20 bps to 1.326%, its highest since 2011, while 10-year bond yields were up 14 bps to 1.71%.

The euro gained 0.5% to \$1.0049 and managed to stand above parity with the U.S. dollar.

The dollar eased 0.3% against a basket of major currencies.

For the week, though, it has surged 2.6% against the rate-sensitive yen. The yen has been a victim of the dovish monetary stance from the Bank of Japan, in contrast with rate hikes elsewhere.

Oil prices turned down in early trade on Friday and were headed for a 4% weekly drop on worries that central banks' aggressive rate hikes and China's COVID-19 curbs will hurt demand.

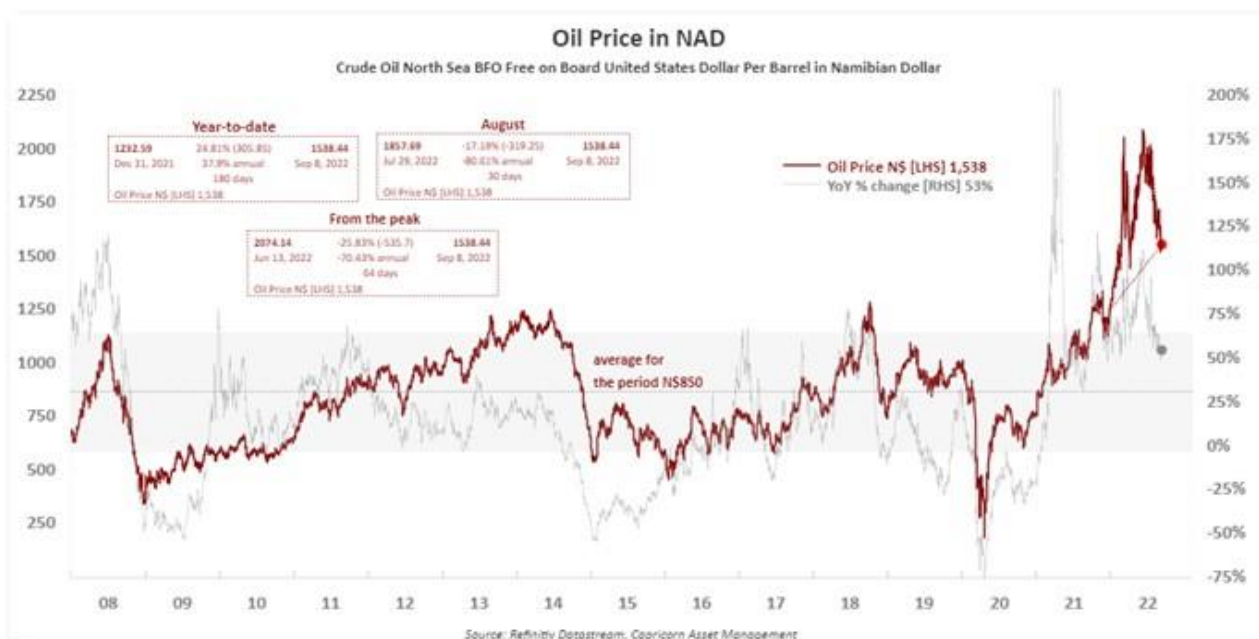
U.S. crude dipped 0.1% to \$89.07 a barrel while Brent crude rose to \$89.07 per barrel.

Elsewhere, Britain's new leader, Liz Truss, on Thursday announced a cap on soaring consumer energy bills for two years to cushion the economic shock of war in Ukraine.

Gold was slightly higher. Spot gold was traded at \$1713.99 per ounce.

**Source: Thomson Reuters Refinitiv**

## Domestic Markets



The Top40 closed higher on good volumes with all sectors in positive territory, although several stocks were hit hard (Capitec -9.1%: weak trading update, Amplats -4.6%: production downgrade and Harmony -7.7%: negative international report).

South African consumer confidence remained in the doldrums in the third quarter, weighed down by rising inflationary pressures and lending costs. A quarterly index measuring sentiment rose to minus 20, from minus 25 in the previous three months, with the removal of all remaining coronavirus restrictions contributing to the marginal improvement, First National Bank said in an emailed statement on Thursday. The index has been negative for 13 straight quarters, the longest stretch since the series began in 1982.

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South Africa's central bank governor said it's too early to call the peak of inflation that's running at its fastest pace in 13 years. "Until the public can see that now inflation is definitely on a downward trajectory, it is too early to call the peak," Lesetja Kganyago said Thursday in an interview in Le Morne, on the southwestern coast of Mauritius. Until "we feel that inflation is now under control and is on a downward trajectory towards where we want, which is the mid-point of our inflation targeting range", the bank must do whatever it takes to nip inflation in the bud, he said.

South Africa's current account swung to a shock deficit in the second quarter as dividend payments to foreign investors resulted in the biggest outflow in 15 years. The overall balance on the current account, the broadest measure of trade in goods and services, switched to an annualized deficit of 1.3% of gross domestic product, or R87 billion, from a revised 2.4% surplus in the previous quarter, the South African Reserve Bank said in a report on Thursday.

The resilience of South African consumer spending, coupled with underlying strength in the building and manufacturing industries, suggests another contraction in the gross domestic product is

unlikely, the latest business confidence data shows. Optimism among retailers and wholesalers remains well above long-term averages, with pressure on disposable income expected to ease as inflation slows, Rand Merchant Bank unit and Stellenbosch University's Bureau for Economic Research said Wednesday. At the same time, fixed investment in manufacturing resumed its upward trajectory after a temporary drop in the second quarter.

**Source: Avior, Daily Investor.**

## Corona Tracker

Name	Cases - cumulative total	Cases - newly reported in last 7 days	Deaths - cumulative total	Deaths - newly reported in last 7 days
Global	603,711,760	3,612,553	6,484,136	11,553

**Source: Thomson Reuters Refinitiv**

Give me a lever long enough and a fulcrum on which to place it, and I shall move the world.

Archimedes

## Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)		09 September 2022			
<b>Money Market TB Rates %</b>		Last close	Difference	Prev close	Current Spot
3 months	⇒	6.58	0.000	6.58	6.58
6 months	⇒	6.86	0.000	6.86	6.86
9 months	⇒	7.61	0.000	7.61	7.61
12 months	⇒	8.08	0.000	8.08	8.08
<b>Nominal Bond Yields %</b>		Last close	Difference	Prev close	Current Spot
GC23 (Coupon 8.85%, BMK R2023)	↑	8.70	0.035	8.67	8.67
GC24 (Coupon 10.50%, BMK R186)	↑	8.39	0.015	8.37	8.37
GC25 (Coupon 8.50%, BMK R186)	↑	8.84	0.015	8.82	8.82
GC26 (Coupon 8.50%, BMK R186)	↑	8.90	0.015	8.88	8.88
GC27 (Coupon 8.00%, BMK R186)	↑	9.87	0.015	9.85	9.85
GC30 (Coupon 8.00%, BMK R2030)	↑	11.67	0.005	11.67	11.66
GC32 (Coupon 9.00%, BMK R213)	↑	11.82	0.015	11.80	11.80
GC35 (Coupon 9.50%, BMK R209)	↑	12.36	0.065	12.30	12.35
GC37 (Coupon 9.50%, BMK R2037)	↑	12.99	0.085	12.91	12.95
GC40 (Coupon 9.80%, BMK R214)	↑	13.34	0.095	13.25	13.31
GC43 (Coupon 10.00%, BMK R2044)	↑	13.85	0.090	13.76	13.83
GC45 (Coupon 9.85%, BMK R2044)	↑	14.37	0.090	14.28	14.35
GC48 (Coupon 10.00%, BMK R2048)	↑	14.53	0.095	14.44	14.50
GC50 (Coupon 10.25%, BMK: R2048)	↑	14.54	0.095	14.45	14.51
<b>Inflation-Linked Bond Yields %</b>		Last close	Difference	Prev close	Current Spot
GI25 (Coupon 3.80%, BMK NCPI)	⇒	3.90	0.000	3.90	3.90
GI27 (Coupon 4.00%, BMK NCPI)	⇒	4.99	0.000	4.99	4.99
GI29 (Coupon 4.50%, BMK NCPI)	⇒	4.80	0.000	4.80	4.73
GI33 (Coupon 4.50%, BMK NCPI)	⇒	6.29	0.000	6.29	6.10
GI36 (Coupon 4.80%, BMK NCPI)	⇒	6.98	0.000	6.98	6.80
<b>Commodities</b>		Last close	Change	Prev close	Current Spot
Gold	↓	1,707	-0.61%	1,718	1,720
Platinum	↑	879	1.50%	866	881
Brent Crude	↑	89.2	1.31%	88.0	89.5
<b>Main Indices</b>		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,502	1.09%	1,486	1,502
JSE All Share	↑	67,260	0.82%	66,716	67,260
SP500	↑	4,006	0.66%	3,980	4,006
FTSE 100	↑	7,262	0.33%	7,238	7,262
Hangseng	↓	18,855	-1.00%	19,044	19,330
DAX	↓	12,904	-0.09%	12,916	12,904
<b>JSE Sectors</b>		Last close	Change	Prev close	Current Spot
Financials	↓	14,766	-0.19%	14,794	14,766
Resources	↑	60,716	1.29%	59,942	60,716
Industrials	↑	83,304	0.97%	82,503	83,304
<b>Forex</b>		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	17.51	1.52%	17.25	17.42
N\$/Pound	↑	20.14	1.29%	19.88	20.20
N\$/Euro	↑	17.50	1.47%	17.25	17.54
US dollar/ Euro	↓	0.999	-0.05%	1.000	1.007
		Namibia		RSA	
<b>Interest Rates &amp; Inflation</b>		Aug 22	Jul 22	Aug 22	Jul 22
Central Bank Rate	↑	5.50	4.75	5.50	5.50
Prime Rate	↑	9.25	8.50	9.00	9.00
		Jul 22	Jun 22	Jul 22	Jun 22
Inflation	↑	6.8	6.0	7.8	7.4

**Notes to the table:**

- The money market rates are TB rates
- “BMK” = Benchmark
- “NCPI” = Namibian inflation rate
- “Difference” = change in basis points
- Current spot = value at the time of writing
- NSX is the Overall Index, including dual listed

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**Source: Thomson Reuters Refinitiv**

*Important note: This is not a solicitation to trade and CAM will not necessarily trade at the yields and/or prices quoted above. The information is sourced from the data vendor as indicated. The levels of and changes in the yields need to be interpreted with caution due to the illiquid nature of the domestic bond market.*



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